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BEFORE THE
UNITED STATES DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

DEPARTMENT OF TRANSPORTATION
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DOCKET SECTION

In the matter of

Expanding International Air Service
Opportunities to More U.S. Cities

Docket 46534

COMMENTS OF THE
CALGARY TRANSPORTATION AUTHORITY

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Date: November 10, 1989

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The Calgary Transportation Authority ("Calgary"),¹ which represents the community's interests in transportation matters, submits these comments in response to Order 89-10-19, October 10, 1989.

As a general matter Calgary applauds this initiative, since it offers the opportunity for a quasi-marketplace solution to providing international air service in cases where the traditional route negotiation approach has not worked. On the other hand, in order to be effective in the broadest array of markets, the policy must be flexible. This is especially important since, as we read Order 89-10-19 is not self-executing. The Order contains numerous qualifications and the Department would still have to make findings in specific cases that the conditions for awarding

¹ The Calgary Transportation Authority is jointed sponsored by the City of Calgary, Alberta, Canada, and the Calgary Chamber of Commerce.

exemptions were present. A more flexible or, if you will, liberal policy statement will still permit the Department to protect United States interests by declining actual exemption awards in inappropriate cases.

The goal of the policy should be to encourage foreign carriers to apply for exemptions. The fact of such applications will, among other things, demonstrate to governments on both sides the extent to which the bilateral negotiating mechanism has failed to meet perceived demand for air service. In this way, perhaps, it will encourage bilateral negotiations to provide mutually beneficial exchanges of aviation rights.

Specifically, Calgary is concerned about two proposed conditions on the exemption policy. The most important is the requirement that there be a "procompetitive agreement in place ... such that "a basis does not exist for a traditional aviation trade". This condition appears to exclude from the exemption policy most of the countries, including Canada, with which the United States has bilateral aviation relationships.

Calgary believes that, since interested U.S. parties would always have the opportunity to raise "overriding public interest reasons for denying the requested authority", the policy will stand a better chance of fulfilling its purposes if it is not so severely limited at the outset. There may be numerous markets that a foreign carrier alone would be

interested in serving, but where service is prevented because the other complex considerations involved in a full bilateral agreement have not been resolved. A number of Calgary-U.S. markets (especially in the Southeast United States) today experience service deficiencies, which may be curable at the instance of a foreign carrier without doing great violence to the balance of benefits that is implicit in the bilateral agreement between Canada and the United States. The route schedule in that Agreement was last revised in 1974. If the United States is prepared to forego, on an interim basis at least, the balance sheet approach to bilateral relations in order to secure needed air service for U.S. communities, it should open the door to all opportunities.

Calgary's position is not without precedent. In 1980 Western Air Lines was awarded the Texas-Alberta-Alaska route, but twice sought extensions of time to inaugurate service. Upon granting the second extension the Civil Aeronautics Board invited other carriers to show an interest in the route, and, at Calgary's request, expanded the invitation to include foreign carriers. See Order 80-12-130, December 24, 1980. The Board said (at page 2):

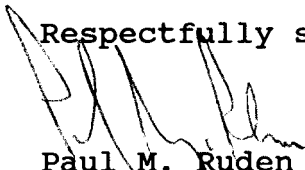
"Were we to conclude that a grant of exemption authority to a Canadian carrier would be consistent with the public interest, we would ... be entirely capable of granting such authority notwithstanding the fact that the Texas-Alberta-Alaska route is listed as a U.S.-monopoly in the U.S.-Canada Air Transport Services Agreement."

The Board clearly retained the right to reject any exemption application that was forthcoming, but, at the outset at least, it was prepared to consider foreign flag entry on a temporary basis rather than have the market continue without service.²

The second condition of concern is the provision that no carrier provides nonstop or one-stop single-plane service. Calgary recommends that the word "roundtrip" should be added so as to narrow the disqualifying effect of this condition. If, for example, the only service in a transborder market is a one-way one-stop service, the Department should be willing to consider, subject to satisfaction of the other conditions, an application for a nonstop roundtrip service by a foreign airline. Such a proposal would represent a material improvement in service and should not be foreclosed if there are willing carriers to offer it.

Subject to those two qualifications, Calgary urges the Department to adopt the policy proposed.

Respectfully submitted,



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² We recognize the obvious distinction that the route in that case was included in the bilateral exchange of rights. But the route was a U.S. monopoly route, for which the United States was prepared to consider a foreign carrier if no U.S. carrier was prepared to inaugurate service.